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THE

Demand and Price

SITUATION

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SUMMARY

A strong demand and the Government price support programs have cushioned the impact on agricultural prices of this year's near-record crop output and seasonally larger marketings of livestock. Average prices received by farmers have declined relatively little in recent months. With the passing of the seasonal peak in marketings of most products, prices are likely to remain fairly stable in the next month or two.

Total industrial production recovered to the level of late summer after coal and steel operations were resumed in mid-November. In view of sharply depleted stocks of coal and steel, fairly high rates of activity in these industrial sectors are likely for at least the next few months. Other indications of a fairly high level of domestic activity and demand for farm products in the short-run are the near-record level of construction activity and the end of the eight months decline in total business inventories.

The value of agricultural exports, although declining to the lowest level since the war in the third quarter of 1949, is likely to increase somewhat in the fourth quarter as a result of larger exports of wheat and cotton.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1948		1949			
		Year	Oct.	July	Aug.	Sept.	Oct.
Industrial production <u>1/</u>	: 1935-39 :						
Total.....	=100	: 192	195	162	170	174	166
All manufacturers.....	do.	: 198	202	168	177	184	175
Durable goods.....	do.	: 225	231	185	192	199	174
Nondurable goods.....	do.	: 177	179	155	165	172	176
Minerals.....	do.	: 155	158	123	129	119	114
Construction activity <u>1/</u>	: 1935-39 :						
Contracts, total.....	=100	: 331	321	364	399	429	462
Contracts, residential.....	do.	: 397	385	490	559	623	642
Wholesale prices <u>2/</u>	:						
All commodities.....	1926=100	: 165	165	154	153	154	152
All commodities except	:						
farm and food.....	do.	: 151	153	145	145	145	145
Farm Products.....	do.	: 188	184	166	162	163	160
Food.....	do.	: 179	178	161	161	162	160
Prices received and paid by	:						
farmers <u>3/</u>	: 1910-14 :						
Prices received, all prod...	=100	: 287	277	249	245	249	243
Prices paid, interest	:						
and taxes.....	do.	: 250	249	244	243	242	240
Parity ratio.....	do.	: 115	111	102	101	103	101
Consumers' price <u>2/</u> <u>4/</u>	: 1935-39 :						
Total.....	=100	: 171	174	168	169	170	169
Food.....	do.	: 210	212	202	203	204	201
Nonfood.....	do.	: 149	152	150	150	150	150
Income	:						
Nonagricultural payments <u>5/</u>	Bil. Dol.	: 188.8	192.9	191.2	192.2	193.2	
Income of industrial	: 1935-39 :						
workers <u>3/</u>	=100	: 364	378	n.a.	n.a.	n.a.	
Factory payrolls <u>2/</u>	do.	: 374	390	333	344	356	
Weekly earnings of factory	:						
workers <u>2/</u>	:						
All Manufacturing.....	Dollars	: 54.14	55.60	54.63	54.66	55.64	
Durable goods.....	do.	: 57.11	59.50	57.47	57.74	58.65	
Nondurable goods.....	do.	: 50.61	50.91	51.51	51.31	52.64	
Employment	:						
Total civilian <u>6/</u>	Millions	: 59.4	60.1	59.7	59.9	59.4	59.0
Nonagricultural <u>6/</u>	do.	: 51.4	51.5	50.1	51.4	51.3	51.3
Agricultural <u>6/</u>	do.	: 8.0	8.6	9.6	8.5	8.2	7.7
Government finance (Federal) <u>7/</u>	:						
Income, cash operating.....	Mil. dol.	: 3,748	2,280	2,081	3,150	4,915	
Outgo, cash operating.....	do.	: 3,075	2,779	2,965	3,715	3,848	
Net cash operating income	:						
or outgo.....	do.	: + 673	- 499	- 884	- 565	+1,067	

Annual data for the years 1929-48 appear on page 29 of the March 1949 issue of The Demand and Price Situation.

Sources 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE, to convert prices received and prices paid interest and taxes, to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted at annual rate. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1948 are on average monthly basis.

(n.a.) Not available.

Commodity highlights

Prices of the Good and better grades of cattle are expected to continue to decline seasonally in the next few months, while a seasonal increase in prices is expected for the lower grades. Little if any further decline in hog prices from the late November average of \$15.47 per hundred pounds is expected. Total output of fats and oils used chiefly for food products will continue large in the next few months. Corn prices, now low in relation to prices of most other feeds, may have reached the low point for the 1949-50 season. Prices of oranges and lemons are expected to decline seasonally in the next few months. The season average farm price to growers is likely to be somewhat above the support level of 60 percent of parity for the 1949 crop of potatoes. The average of prices received for the 1949 Burley crop is likely to be below the 46 cents per pound received for the 1948 crop.

OUTPUT AND EMPLOYMENT

Total industrial output declined 5 percent from September to October largely as a result of work stoppages in the bituminous coal, steel and aluminum industries. The Federal Reserve Board's seasonally adjusted index of industrial production was 166 (1935-39=100) in October, compared with 174 in September and 195 in October 1948.

Durable goods output declined to 174 in October, 13 percent below September and 25 percent below October 1948. Most of the October decline was due to the sharp drop in steel production resulting from the work stoppage, although activity also declined in the transportation equipment and nonferrous metals industries. Automobile production, including parts, while still relatively high, was 6 percent below the peak rate of September. Activity in the machinery, lumber and furniture industries, on the other hand, increased from September.

Nondurable goods production rose in October for the third successive month as production of textiles, paper and products and rubber products increased substantially. The index of nondurable goods output in October was 176, 2 percent above September and only 2 percent below a year earlier.

Production of minerals declined in October as a result of the work stoppage in bituminous coal. The index of total minerals output was 114 in October compared with 119 in September and 158 in October 1948. Largely offsetting the sharp drop in bituminous output in October were increases in production of anthracite coal and crude petroleum.

Settlements of disputes between some steel producers and steel workers and the return to work of bituminous coal miners for at least three weeks in November resulted in a substantial rise in over-all output during that month. Motor vehicle production, however, was reduced substantially during the first three weeks of November largely as a result of model change-overs. Activity in most other industries remained near the previous month, according to preliminary indications.

The book value of inventory holdings of business, seasonally adjusted, increased in September for the first time in nine months as further small declines in manufacturers' holdings were more than offset by an increase in stocks at retail. Declines in the seasonally adjusted value of inventories from the peak levels of December 1948 to September 1949 amounted to about 7 percent in manufacturing and retail trade and somewhat less in wholesale. About one-third of the decline in total holdings of business reflected lower prices, but the physical volume of holdings was down almost 5 percent.

Expenditures on new construction dropped less than seasonally in October as increases in expenditures on schools and new housing largely offset declines in expenditures on other types of projects. The total value of new construction started in October was 1.9 billion dollars, slightly below September but 2 percent above October 1948. Expenditures on public construction, which have been rising since March, declined seasonally, reflecting the usual drop in highway construction at this time of the year. Private construction expenditures on the other hand, increased slightly over September as private nonresidential construction expenditures rose 3 percent. Total construction expenditures in January-October amounted to 15.9 billion dollars, about 1 percent larger than in the same period last year. The increase in the total reflected a substantial rise in public construction activity over January-October 1948, which more than offset a 6 percent decline in private activity during the same period.

New nonfarm residential dwellings started in October totaled 100,000 units, the same as in September and 36 percent above October 1948. For the first ten months of this year new units started totaled 843,000, 4 percent above the same period in 1948. A greater proportion of residential units started in this period consisted of multifamily dwellings (2 or more families). Financing of these dwellings has been made easier by the provisions for multifamily projects in Section 608 Title VI of the National Housing Act of 1948.

Total civilian employment declined in October, largely as a result of a seasonal drop in farm employment. Estimated civilian employment in October was 59.0 million persons, 400,000 fewer than in September and 1.1 millions less than in October 1948. Nonagricultural employment, at 51.3 millions, was unchanged from September and 200,000 below October 1948. An increase in the number of women employed in trade and service industries from September to October offset a drop in male employment resulting from the return to school of youths and from the classification as unemployed of coal miners and steel workers who were looking for other jobs for the duration of the work stoppages. Under Census procedure this latter group are usually included with the employed if they report that they are not looking for other work.

Unemployment rose contraseasonally in October, reversing the downward movement which began in August. Total unemployment was estimated at 3.6 million persons, 200,000 more than in September and 2.0 million greater than in October last year. The unemployment rate (ratio unemployment to civilian labor force) rose to 5.7 percent compared with 5.3 in September and 2.7 in October 1948. Since the total increase of those out of work was small, it is likely that most of the rise was accounted for by those involved in the work stoppages and looking for other work.

INCOME AND RELATED FACTORS

Total personal income was down slightly in September. A decline in seasonally adjusted farm income more than offset increases in most nonagricultural segments. Total personal income in September was estimated at a seasonally adjusted annual rate of 210.8 billion dollars; compared with 211.4 billions in August and 216.3 billions in September 1948. Salary and wage receipts rose slightly for the second consecutive month, reflecting increases in employment and pay rolls in manufacturing and trade. Income from this source totaled 134.7 billion dollars in September (annual rate) compared with 134.4 billion in August and 137.7 billion in September 1948.

Although data for October are not available, losses of income resulting from the work stoppages in coal and steel will be reflected in income totals for that month and are likely to bring total personal income below that of September.

Dollar sales at department stores were down in October. The Federal Reserve Board's index of department store sales, seasonally adjusted, dropped to 276 (1935-39=100), 4.5 percent below September and 11 percent below a year earlier. From January through October, sales were 6 percent below the same period in 1948. Through most of October, stores in areas affected directly by work stoppages in steel and coal reported the largest declines in sales from a year ago. In the Cleveland, Philadelphia and Chicago Reserve Districts, for example, stores reported declines of 19, 14 and 13 percent respectively for the four weeks ending October 29, from the corresponding period in 1948. The average decline of all reporting stores in the United States was 11 percent. Many of these stores cited unseasonably warm weather as a factor discouraging sales of fall and winter merchandise.

Total sales of all retail stores were also down in October, declining 1 percent from September after adjustment for seasonal factors. Most of the decline was in sales of nondurable goods stores, the durable groups showing little change during the period. Among the nondurable goods groups, sales of apparel and general merchandise were down about 4 percent, while those of other groups showed only slight changes. In the durable goods groups, an increase in sales of home furnishings was about offset by less than seasonal rises in sales of building materials and hardware.

COMMODITY PRICES

Wholesale prices of all commodities averaged slightly lower in October and November than in September. The BLS monthly index of wholesale prices was 152.2 (1926=100) in October, 1 percent below September, 8 percent below October 1948 and 10 percent below the peak reached in August last year. Declines in prices of farm and food products from September accounted for most of the drop, while prices of industrial commodities dropped fractionally from September. During the week ended November 22 prices of all commodities averaged almost 1 percent below those of four weeks earlier. Prices of farm products were down 1.1 percent and those of foods, 1.4 percent. Industrial commodity prices remained firm, with the average of all prices of nonfarm products showing little change. In this latter group, slight increases in prices of metals and products and building materials and chemicals offset drops in prices of textile products and fuel and lighting materials.

Table 1.- Group indexes of wholesale prices, week ended November 22, 1949
with comparisons

(1926 = 100)					
Group	: Week	: Week	: Week	: Week ended November 22, 1949	
	: ended	: ended	: ended	: percentage change from	
	: Nov. 22,	: Oct. 25,	: Nov. 23,	: Week ended	: Week ended
	: 1949	: 1949	: 1948	: Oct. 25, 1949	: Nov. 23, 1948
All commodities	: 151.5	: 152.5	: 164.2	- .7	- 7.7
Farm products	: 156.8	: 158.5	: 180.8	- 1.1	- 13.3
Foods	: 159.5	: 161.7	: 174.7	- 1.4	- 8.7
All other than farm and food	: 145.0	: 144.8	: 153.6	+ .1	- 5.6
Textile products	: 137.4	: 137.6	: 147.1	- .1	- 6.6
Fuel and lighting materials	: 130.5	: 131.2	: 137.6	- .5	- 5.2
Metals and products	: 169.2	: 169.0	: 173.7	+ .1	- 2.6
Building materials	: 189.4	: 188.8	: 203.1	+ .3	- 6.7
Chemicals and allied products	: 116.2	: 116.1	: 133.6	+ .1	- 13.0

Bureau of Labor Statistics.

Average wholesale prices of all commodities during the week ended November 8 were 7.7 percent below those of the same period in 1948, according to the BLS weekly index. Prices of farm products were off 13.3 percent and food products 8.7 percent. Prices of commodities other than farm and foods were down 5.6 percent from a year earlier, reflecting sharp drops in prices of textiles, building materials and chemicals.

Retail prices of goods purchased by moderate-income families in large cities declined from September to October. The BLS index of consumers' prices was down .5 percent to 168.8 in October, largely as a result of a 2 percent drop in average prices paid for foods. Prices paid for all other groups of commodities changed only slightly from September.

Average prices received by farmers in mid-November were about 2 percent lower than a month earlier. The BAE index of prices received for mid-November was 239 (1910-14=100), compared with 243 in October and 271 in November 1948. Crop prices averaged slightly higher for the month as seasonal increases in food grains and truck crops more than offset declines in prices of all other crop groups. Average prices received for livestock and livestock products were 3 percent below those of mid-October. Declines in average prices of eggs and seasonal declines in meat animal prices more than offset a seasonal increase in dairy product prices.

Table 2.- Group indexes of prices received by farmers November 15, 1949
with comparisons

Index numbers (August 1909-July 1914=100)

Group	Nov. 15, 1949	Oct. 15, 1949	Nov. 15, 1948	November 15, 1949 percentage change from	
				Oct. 15, 1949	Nov. 15, 1948
Food grains	215	212	234	+ 1	- 8
Feed grains and hay	159	163	181	- 2	- 12
Cotton	224	231	246	- 3	- 9
Tobacco	375	403	412	- 7	- 9
Oil-bearing crops	207	208	283	1/	- 27
Fruit	149	155	157	- 4	- 5
Truck crops	226	170	186	+ 33	+ 22
All crops	208	206	224	+ 1	- 7
Meat animals	295	308	351	- 4	- 16
Dairy products	258	255	284	+ 1	- 9
Poultry and eggs	217	231	272	- 6	- 20
Livestock and products	268	276	313	- 3	- 14
Crops and livestock and products	239	243	271	- 2	- 12

1/ Less than one-half percent decrease.

Farmers received prices averaging 12 percent below those of a year earlier in mid-November 1949. Crop prices averaged 7 percent below November 1948; prices of livestock and products, 14 percent lower. Prices of oil-bearing crops, meat animals and poultry and eggs were sharply below year ago levels.

The average of prices paid by farmers, interest and taxes was unchanged from a month ago. The BAE index of prices paid, interest and taxes at 240, was the same as in October but 11 points below November 1948. Higher prices paid for food, building materials and furniture were offset by lower prices for feed and clothing. Reflecting the decline in prices received and the unchanged level of prices paid, the parity ratio for November (index of prices received divided by index of prices paid, interest and taxes) declined to 100 for the first time since November 1941.

AGRICULTURAL EXPORTS

The value of agricultural exports in the third quarter of 1949 was lower than in any quarter since the war. Exports were 14 percent below the third quarter last year, with most of the decrease accounted for by the 30 percent decrease in the value of exports of grain and grain products. Third quarter agricultural exports were 25 percent below the quarterly rate in the first half of this year, with cotton exports showing a 61 percent decline.

Table 3.-Value of exports of United States agricultural products in specified periods ^{1/}

(Million dollars)						
Period	Cotton including linters	Tobacco unmanu- factured 2/	Grain and prep- arations	Other foods	Total foods 3/	Grand total 4/
	(1)	(2)	(3)	(4)	(5)	(6)
1935-39 Annual average	318	128	95	178	273	748
1947						
1st. quarter	169	93	442	342	784	1,081
2nd. quarter	137	53	515	317	832	1,046
3rd. quarter	37	52	500	316	816	930
4th. quarter	84	73	424	291	715	900
Total 1947	427	271	1,881	1,266	3,147	3,957
1948						
1st. quarter	122	40	424	251	675	881
2nd. quarter	98	41	400	220	620	795
3rd. quarter	80	77	490	177	667	846
4th. quarter	211	56	402	233	635	951
Total 1948	511	215	1,716	681	2,597	3,473
1949						
1st. quarter	252	52	433	210	643	1,021
2nd. quarter	272	40	384	221	605	1,002
3rd. quarter	103	84	343	146	489	725

^{1/} In postwar period includes all exports whether financed by Government funds or by commercial means.

^{2/} Includes trimmings, scrap, and stems.

^{3/} Defined as the sum of Agricultural Crude Foodstuffs (Economic Class 2) plus Agricultural Manufactured Foodstuffs (Economic Class 4) plus food exported for relief and charity by private agencies.

^{4/} This is the sum of columns 1, 2, and 5 plus small values of agricultural non-foods not shown separately.

Exports of wheat and flour in terms of grain so far in 1949 have been below the same period a year earlier. There has been a down trend in each quarter of 1949. However, the fourth quarter will show some increase over the third quarter because of a program, effective October 28, which provides for CCC payments of the export subsidy under the International Wheat Agreement on ECA financed wheat and flour purchases. The maximum price under the Agreement is below our domestic level. Up to that time no provisions had been made for subsidizing this difference in exports financed by ECA funds.

Corn exports were especially heavy in the first quarter of the year, but have been at a lower rate in the second and third quarters. Exports in the last quarter will come from the record stocks of old corn carried over from the 1948 crop and from the 1949 crop now being harvested. Volume in the last quarter is expected to be at about the same rate as in the past two quarters.

Tobacco exports rose seasonally in the third quarter as the 1949 crop flu-cured began to move out. The United Kingdom took the major share. Tobacco exports in the last quarter will be at least as heavy as in the third quarter.

Seasonally low third quarter exports of cotton were less than half of either the first or second quarters. Fourth quarter exports will be substantially higher than the third quarter.

FARM INCOME

Farmers' cash receipts from marketings in November were around 2.8 billion dollars, about 13 percent below November of last year. They were down seasonally from October, the peak marketing month of the year. The average of prices that farmers received for farm products was down slightly from the previous month, and about 12 percent below a year ago.

Farmers received about 1.3 billion dollars from the sale of livestock and livestock products in November, 5 percent below the month before and 17 percent below November 1948. Cash receipts from meat animals were slightly lower than in October. Sales of cattle, calves, and sheep and lambs were down a little, but hog sales were substantially higher. Average prices received for all meat animals were somewhat below the previous month. Receipts from meat animals in November were well below a year ago, with prices down about 16 percent. Dairy product receipts were below October as a slight increase in prices did not fully offset the decline in sales. Receipts from dairy products probably were also a little lower than in November 1948, with lower prices more than offsetting larger marketings. The seasonal increase in sales of turkeys accounted for a substantial gain in receipts from poultry and eggs over October. Lower prices, however, held receipts below November of last year.

Total crop receipts probably were nearly 15 percent below October and 10 percent lower than a year ago. Average prices for all crops changed little from the previous month but were perhaps 7 percent lower

than in November 1948. The volume of crop marketings was down seasonally. Receipts from wheat, tobacco, and soybeans were down from October because of smaller marketings. Receipts from most other crops were also lower than last year because of lower prices.

In October, farmers received about 3.1 billion dollars from all marketings, 19 percent above September but 20 percent less than in the same month last year. Livestock and products were up about 6 percent from September but were 14 percent below October 1948. The volume of crop marketings was at a seasonal peak and crop receipts were 30 percent greater than the previous month. But they were nearly one-fourth below October of last year because of lower prices and somewhat smaller marketings.

LIVESTOCK AND MEAT

Prices of Good and better grades of cattle are likely to decline seasonally in the next few months, while a seasonal rise is expected in prices of lower grades. In November a new record high price was set for a single load of top steers, and weekly averages in late October and November were within a few dollars of last year's record weekly averages. The decline from this recent high level may be only moderately more than average despite the high point from which it began, because slaughter of grain-fed cattle may not increase as fast in the early months of 1950 as in 1949. The number of cattle of Good and better grade marketed for slaughter increased earlier than usual this past year, then decreased earlier and more sharply in the fall. The early decline of marketings contributed to the high October prices for those grades. It is also likely that demand for best quality beef has increased during 1949.

The volume of cattle feeding is expected to be as large or somewhat larger this winter than last. The increase over a year earlier will be much less than it was during the first 8 months of 1949, when the number on feed in the Corn Belt was one-fifth greater than the small number in the same months of 1948. Marketings for slaughter were especially large in late summer this year. Shipments of feeder stock to feeding areas in the same months were record high. The number of cattle on feed next January probably will not be greatly different from the record number last January.

A smaller proportion of the cattle on feed this fall are steers. Considerably more calves have gone on feed. Average weights of feeders are lighter. Since such cattle are likely to come to market later, the seasonal distribution of cattle slaughter may be more nearly normal next year than it was this year.

Prices of hogs have been declining seasonally. Little if any further decline may be expected from the average of \$15.47 at 7 midwest markets the week ended November 26. Declines would be limited by support operations. The lowest level of support for hog prices is the 7 market support guide of \$14.75 per 100 pounds which began November 28 and will continue through December. Market prices had not averaged as low as supports as late as the week of November 26. The likelihood of any extensive support operations has been reduced by the small storage holdings of pork this fall. The 210 million pounds of pork in cold storage on November 1 were only 3 percent more than a year earlier despite a much larger hog slaughter, and were considerably less than 1937-41 average stocks for that date.

Among various classes of meat animals, slaughter ewes and lambs and feeder lambs have recently held nearest to prices of last year. Recent prices of sheep and lambs reflect a continued strong demand for the small supply of lamb and mutton available, and an equally strong demand for lambs for breeding and feeding. Only three-fourths as many sheep and lambs were slaughtered under Federal inspection this October as last. Sheep numbers next January 1 may be almost as large as a year earlier. Therefore, numbers in 1949 have been nearly maintained in contrast with the sharp reductions of 7 previous years. Numbers on feed probably will be down a little from last year, primarily because of the smaller supply available for feeding.

About one pound--3 percent--more meat was consumed per person in the third quarter this year than last. A small increase over a year earlier is expected for the fourth quarter. Most if not all the gain in meat supplies the next few months will be in pork.

DAIRY PRODUCTS

Total milk flow is running larger than a year earlier, and sizable purchases of manufactured products are still being made for price support. For 1950, prices of dairy products will largely depend on where, within the 75 to 90 percent of the revised parity range, the Secretary of Agriculture establishes supports.

The average price received by farmers for all milk at wholesale has been increasing steadily since June, reflecting seasonal changes. The average price of milk at wholesale in mid-November, however, at \$4.24 per hundredweight, was 13 percent below the price a year earlier. The price received by farmers for butterfat has been practically stable since last spring and in mid-November was 3 percent below November 1948.

With record supplies of concentrates available, farmers are continuing to feed their milk cows very liberally. Output per cow is being maintained at unprecedented levels for the time of year. October milk output was up 3 percent over the same month of last year. For 1949 as a whole, milk production will exceed the 115.5 billion pounds of 1948 by about 2 percent and will increase further next year.

Total consumption of fluid milk and cream apparently has been about equal to that of a year earlier. As a result, the increase in total milk has been used for producing manufactured dairy products. Increases, however, have occurred wholly in cheese, butter, and nonfat dry milk; output of evaporated milk, and dry whole milk and ice cream has been smaller than a year earlier.

The milk equivalent of butter and cheese support purchases for the year as a whole will about equal the increase over 1948 in total milk output. Recently, purchases of butter have fallen to less than one-quarter of October rates; cheese purchases have declined considerably, but nonfat dry milk procurement has been around 4 million pounds per week.

Price reductions at retail for dairy products have continued to lag behind those at wholesale. Nevertheless, prices for cheese, fresh and evaporated milk in September showed smaller increases over prewar than did prices for most other animal protein foods which are more or less competitive with these dairy products. In September, retail prices of the different dairy products were lower than a year earlier by the following amounts: fresh milk 8 percent; evaporated milk 20 percent; and butter 14 percent. Consumption of butter and cheese will be greater this year than last but evaporated milk is running at a slightly lower level.

EGGS AND POULTRY

Wholesale egg prices have broken sharply twice since reaching the seasonally high level of mid-September. In the New York and Chicago wholesale markets, the decline from September 20 to October 5 was 5 to 9 cents per dozen. Prices leveled off or gained in mid-October, then declined again, carrying some grades down 12 and 14 cents between October 21 and 26 in the same two cities. Prices recovered somewhat after this decline, but are still low relative to the September peak. In view of prospects for continued large production in the next few months, it is likely that the seasonal peak of egg prices for this fall and winter already has passed. This would be an unusually early peak for fall egg prices.

Egg price trends in the next few months will be downward, moving toward the usual seasonal springtime low. In past years, springtime prices to farmers were supported by mandatory programs. However, the Agricultural Act of 1949 has classified eggs as a commodity for which support is not mandatory beginning January 1950. Accordingly, support in the coming year may be designated at any point within the range of 0 to 90 percent of parity, at the discretion of the Secretary.

In mid-November, both farm and wholesale prices of chickens (except commercial broilers) and turkeys were about one-fourth lower than a year earlier. Factors in the price change from a year ago are 25 to 30 percent larger broiler marketings, the 17 percent increase in the number of chickens raised on farms, and the 29 percent increase in the number of turkeys raised. As a result of increased supplies and lower prices, storage holdings of poultry on November 1 were 36 percent larger than on November 1, 1948. Also, the increased turkey output has necessitated a Government support program, under which 726,000 pounds of turkey have been bought through November 26.

FATS AND OILS

The index number of wholesale prices of 26 major fats and oils (excluding butter) in early November was about 135 (1935-39=100) compared with 148 in October and 238 in November 1948. The decline from October to early November was due largely to a sharp drop in the price of lard from around 12.5 cents per pound (tank cars, Chicago) in the first three weeks of October to about 9 cents per pound in early November. The price decline in lard was due partly to a seasonal increase in output and prospects for continued heavy production.

Early marketing of hogs from the 1949 spring pig crop and an early harvest and marketing of the 1949 soybean crop were reflected in an unusually large September output of lard and soybean oil. In September, federally inspected production of lard, at 123 million pounds, was about 40 percent larger than a year earlier and except for 1943 the largest September output on record. Preliminary indications pointed to an October production of 160 million pounds, which would be 30 percent above October 1948 and the largest for any October on record. The September output of soybean oil was also at a new peak for that month.

With cottonseed oil production also high, total output of fats and oils used chiefly for food purposes was a record in September and October. Total output will continue large, but the percentage increase over 1948 will tend to decline. Total production of the edible group of fats and oils in October 1949-September 1950 is forecast at about 8.8 billion pounds, about 1 percent larger than the 8.7 billion pounds produced during the season just past. These estimates include oil equivalent of soybeans and peanuts exported abroad. Vegetable-oil output will be reduced in 1949-50 largely as a result of the decrease in 1949 soybean and peanut crops. But this decline will be more than offset by a substantial increase in production of butter and lard.

Despite the high rate of production, factory and warehouse stocks of fats and oils on October 1, 1949, at 1,633 million pounds, were smaller than any prewar or war year since 1936, reflecting a high rate of domestic consumption and unusually large exports in recent months. Stocks of linseed oil on October 1, 1949 were unusually heavy but were largely held by the Government.

Exports of fats, oils, and the oil equivalent of domestic oilseeds in September 1949 totaled 139 million pounds compared with 42 million pounds a year earlier. The September 1949 rate of export was large compared with the rate in most years before 1949 but was below the January-August 1949 rate of 211 million pounds per month. Total exports in January-September 1949 were 1,826 million pounds compared with 658 million pounds a year earlier.

Reciprocal trade agreements negotiated at Annecy, France last summer included tariff reductions by the United States on edible olive oil and a limited quantity of butter. U. S. imports of palm oil were bound free. The principal concessions on fats and oils by other countries to the United States were tariff reductions on lard by Italy and Finland, and on soybean oil by Italy. The agreement will go into effect sometime between January 1, 1950 and May 1, 1950. The effects of the tariff concessions made at Annecy on our imports will be limited by U. S. import controls, at least through June 30, 1950 when present legislation authorizing import licensing will expire.

CORN AND OTHER FEEDS

Corn prices, after declining seasonally during October, to the lowest level since 1943, recovered somewhat in late November. The mid-November average price of \$1.02 per bushel was 19 cents per bushel lower than a year earlier and 38 cents per bushel below the national average loan rate.

Oats and barley prices have advanced since last summer, and in November were close to the loan rates. Corn prices, which are now low in relation to prices of most other feeds, may have reached the low point for the 1949-50 season. Prices of high-protein feeds have declined since last August, but are still high in relation to prices of the lower protein feeds.

The 1949 corn crop on November 1 was estimated at 3,358 million bushels, 119 million bushels less than on October 1. This reduction was largely the result of the October storm damage, and greater effect of corn borer and dry weather than was anticipated earlier. The 1949 crop, as estimated in November, still exceeds that of any previous year excepting 1948, and the total corn supply of 4,173 million bushels is a record. The total supply of all feed concentrates, estimated at 178 million tons, is 5 percent larger than last year and also the largest on record, either in total or on a per-animal unit basis.

The total domestic utilization of feed grains in July-September was about one-fourth larger than in the same quarter of 1948, and a little above the average for the past 5 years, reflecting increased livestock production and generally favorable livestock-feed price ratios. In 1949-50 the domestic disappearance of feed grains is expected to be a little larger than in 1948-49. The feed grain carry-over at the close of the season, however, is expected to be around one-sixth larger than at the beginning.

WHEAT

Cash wheat prices are now generally above the loan level. On November 28, the price of No. 2 Hard Winter ordinary protein at Kansas City at \$2.22, was 2 cents over the loan. On the same date, No. 1 Dark Northern Spring at Minneapolis was \$2.24, 2 cents over the loan. With relatively large market supplies of soft winter wheat, prices at St. Louis and Chicago were 5 and 10 cents under the loan, respectively. Current prices are considerably higher than early season levels. On July 2, the price of hard winter at Kansas City reached a low of 35 cents under the loan.

Loan and purchase agreement wheat from the 1949 crop through October 31 totaled 281 1/2 million bushels, against 217 million from the 1948 crop a year earlier. In addition, on October 31, 1949 about 4 1/2 million bushels of 1948 wheat had been resealed. Although the 1949 crop is 162 million bushels smaller than the 1948 crop, the total placed as collateral and under agreements is expected to equal or even exceed the 364 million bushels for the 1948 crop. The larger quantities to date reflect low early season prices and have greatly reduced selling by growers. Growers probably will defer large-scale selling until they can realize the loan plus charges.

United States wheat supplies for 1949-50 are now estimated at 1,432 million bushels. The July 1, 1949 carry-over of old wheat was 306 million bushels (revised from 293) and the crop is estimated at 1,126 million bushels. Domestic disappearance is expected to total about 700 million bushels, so that about 730 million bushels would be available for export in 1949-50 and carry-over July 1, 1950. If exports total 400 million bushels, a carry-over of about 330 million bushels would remain. This compares with the prewar average of 235 million and the record of 631 in 1942.

July-October exports of wheat, flour and macaroni totaled the equivalent of about 124 million bushels which is considerably below the record 202 million bushels exported in the same period a year earlier. Exports under the International Wheat Agreement from August 1 through November 24 totaled 22 million bushels. The total sales quota for the United States is 168 million bushels. Sales under the Agreement are expected to be increased by a program, effective October 28, which provides for CCC payments of the export subsidy on ECA financed wheat and flour purchases. The maximum price under the Agreement is below our domestic level, and up to that time no provision had been made for subsidizing exports to Agreement countries--financed by ECA funds.

Exports of wheat and flour in 1949-50 from the four principal exporting countries--United States, Canada, Australia and Argentina--may total somewhat less than the 950 million bushels shipped in 1948-49 or the 935 million bushels in 1947-48. Other exporting countries, including the Soviet Union, may possibly export 50-75 million bushels, compared with about 50 million in the past two years.

World wheat production in 1949 is now estimated at 6,185 million bushels against 6,385 million in 1948 and 6,021 million in 1935-39. Production in Europe is now estimated at 1,465 million bushels against the prewar average of 1,595 million. Yields were outstandingly high in the Netherlands, Belgium, Denmark and the United Kingdom. Very good yields were also reported for Germany and France. Yields were generally below average in Spain and Portugal, also in the important-producing Balkan group. The wheat crop in the Soviet Union is estimated at 1.1 billion bushels, which is about 10 percent below the 1935-39 average. Growing conditions in the Southern Hemisphere countries, where the harvest is now under way, have been favorable. The Argentine crop is estimated at about 210 million bushels against 191 million a year ago. The crop in Australia is expected to turn out about the same as last year when it totaled 190 million bushels.

FRUIT

With large supplies of deciduous fruits this fall, grower prices for most of these fruits in December probably will continue near November levels. But grower prices for citrus fruits are likely to decline further in December under the weight of increased marketings of the 1949-50 crop.

After the first of the year, prices for apples and pears may increase a little. The Government export payment programs for apples and pears are expected to give some support to prices for these fruits this winter. Further strength to the apple market is expected from the allocation of two million dollars of ECA funds to the United Kingdom for the purchase of United States apples. On November 1, 1949, cold-storage stocks of apples amounted to 35.6 million bushels, 59 percent larger than a year earlier and 28 percent larger than the 1944-48 average for November 1. Pear stocks on November 1 amounted to 2.34 million bushels, compared with 2.35 million bushels a year earlier and 3.5 million bushels, the average for November 1.

Christmas demand is expected to retard decreases in prices for citrus fruits in December. Prices for oranges probably will undergo their usual post-holiday declines and drop somewhat below the levels of last winter when they rose considerably following the freeze damage to the 1948-49 crop. Likewise, prices for lemons are expected to decline seasonally as supplies from the new crop gain volume. But prices for grapefruit from the short 1949-50 crop are expected to decline less than seasonally and continue above last winter.

A strong demand for oranges and grapefruit for processing is expected to exert a strengthening influence on prices of the current crop. Supplies of canned citrus juices at the beginning of the 1949-50 pack season were the lowest in several years. However, supplies of frozen concentrated orange juice on November 1, 1949 were somewhat larger than a year earlier. Cold storage holdings of frozen fruits, berries, and fruit juices on November 1, 1949, totaled 347 million pounds, about 4 percent smaller than a year earlier.

COMMERCIAL TRUCK CROPS

For Fresh Market

Demand for fresh vegetables in December, January, and February is expected to be about as strong as a year earlier. Prices received by farmers in December may average somewhat higher than a year earlier, because total production of commercial truck crops for fall shipment is estimated to be about 8 percent smaller than last fall. The fall crop of carrots is 22 percent smaller than in 1948 and that of lettuce is 18 percent below last year. Other fall crops slightly to moderately smaller this year than last are lima beans, cabbage, cucumbers, green peas, and tomatoes. On the other hand, the fall crops of celery, egg plant, cauliflower, and green peppers are slightly to considerably larger than last year.

Because of the differences in prospective production for the several crops for winter season harvest, the price expectations for January and February differ by crops. Prices received by farmers for fresh kale and shallots--and for storage cabbage, onions, and carrots--probably will be higher than in the same months of 1949, while those for cauliflower and lettuce probably will be lower.

For Processing

Supplies of all major canned and frozen vegetables are expected to be ample this winter. Production of asparagus, lima beans, snap beans, beets, cucumbers, green peas, pimientos and spinach for commercial canning and freezing in 1949 was larger than in 1948. Production of sweet corn for processing was nearly as large as in 1948. However, the tomato crop for processing, and the cabbage crop on acreage owned or contracted by kraut manufacturers were considerably smaller in 1949 than in 1948. Not much change in the general level of wholesale and retail prices of canned and frozen vegetables is expected in the first half of 1950. Prices currently are running moderately lower than a year earlier.

POTATOES AND SWEETPOTATOES

The 1949 crop of potatoes probably will bring prices to growers averaging somewhat above the support level of 60 percent of parity, but substantially below the prices received for the huge 1948 crop which was supported at 90 percent of parity.

The November 1 estimate placed the total crop at nearly 387 million bushels, compared with 446 million bushels last year. Yields per acre were a near-record but the acreage was nearly 10 percent smaller than last year and 30 percent smaller than the 10-year average. Despite the large crop, Government purchases of the 1949 crop for price-support to date have been moderate. Through November 26, purchases totaled about 12 million bushels, mostly U. S. No. 1 Size B and U. S. No. 2's, with some U. S. No. 1's and commercial grades. By the same date last year, purchases of 1948-crop potatoes totaled nearly 68 million bushels. Prices are now past their usual seasonal low point and are expected to rise gradually through next March.

Prices received by farmers for sweetpotatoes are expected to rise gradually from their recent seasonal low. Prices are expected to average well above the 80 percent-of-parity support level, but moderately lower than those received for the small 1948 crop. This year's crop is nearly 5 percent larger than the 1948 crop but 18 percent smaller than the 10-year average production.

COTTON

Spot prices of cotton were steady during the first half of November at about one-third cent above support levels. Prices for Middling 15/16 inch averaged 29.71 in the ten markets on November 15 compared with 29.56 a month earlier and 31.98 a year earlier.

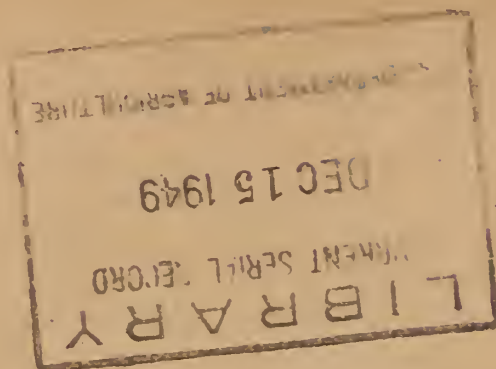
Domestic mills have been buying cotton in good quantities for both prompt and forward delivery. Purchases are substantially above last year when they were largely confined to covering only immediate needs. Demand for cotton by domestic mills will probably remain higher than last year for the next few months as mills are booked as far ahead as April and May. Domestic mill consumption in October was 725,600 bales, which brings the total for the first three months of the current season to 2,100,000 bales compared with 2,164,000 bales the same period last year and 1,719,000 in 1935-39. Exports of cotton for September were 211,400 bales compared with 171,000 a year earlier.

Entries of cotton into CCC loan stocks continue to increase from week to week but still are below last year's level. For the week ended November 17, loan entries totaled 163,000 bales compared with 153,000 for the previous week. Total loan entries for the season through November 17, were 1,028,000 bales compared with 2,622,000 bales to the corresponding date last year.

The 1949 cotton crop was forecast as of November 1 at 15,524,000 bales, 500 pounds, gross weight. The indicated yield was 287.6 pounds per harvested acre, the third highest on record.

OFFICIAL BUSINESS

BAE-DPS-12/49- 5700
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TOBACCO

On November 28, auctions started for the 1949 Burley crop, which is now estimated at about 590 million pounds, approximately 2 percent smaller than last year. Prices on opening day averaged about 45 cents per pound. Demand is expected to continue fairly strong, especially for cigarette grades. However, the carry-over on October 1 was 8 percent above a year earlier. In view of the large total supply, prices will probably average below the 46 cents per pound received by growers for the 1948 crop. The support level is 40.3 cents--5 percent less than the 42.4-cent support for last season. Use of Burley in cigarettes is likely to remain high in 1950, and a small gain may occur in smoking tobacco, but the use of chewing tobacco may decline a little further next year. Burley growers approved quotas on the 1950, 1951, and 1952 crops in a referendum held in late November. Alloted acreage for Burley next year is to average about 10 percent less than this year.

Auctioning of Virginia fire-cured, type 21, and sun-cured, type 37, also began in late November. The Virginia fire-cured crop is 11 percent smaller than in 1948, but the sun-cured is about one-fourth larger. The support level is 5 percent lower than last season. Prices of both fire-cured and air-cured tobacco are expected to be near the support level since supplies of these types are in excess of anticipated requirements. Auctions of the Kentucky-Tennessee dark air-cured, types 35 and 36, began December 1 and December 5, respectively. The type 35 crop is nearly 7 percent above last year but the type 36 crop is about 5 percent smaller. These types sold at close to the support level last season and are likely to average close to the 5-percent lower support price this season. Quantities of fire-cured and dark air-cured remaining under Government loan from previous crops are still relatively quite large.

Flue-cured marketings for 1949 are about completed. For the season through late November, prices averaged 47 cents per pound--about 6 percent below last season.

Cigarette output during the first 10 months of 1949 was approximately 327 billion, the same as for the comparable period a year ago. Cigar consumption during January-October 1949 was 4.7 billion--2 percent lower than in the same period of 1948 and snuff consumption at 34 million pounds was 3 percent lower. The manufacture of smoking tobacco in January-October 1949 is estimated at slightly above that of the same period last year, but chewing tobacco was down 4 or 5 percent.

Tobacco exports were very large in August and September as large shipments of 1949 flue-cured began moving out. United States leaf exports in January-September 1949 totaled nearly 350 million pounds (declared weight) compared with 302 million pounds during the same period of 1948.

